

Regular Session, 2011

HOUSE BILL NO. 227

BY REPRESENTATIVES THIBAUT, GREENE, AND HARDY

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

CONDOMINIUMS: Requires condominium associations to carry a fidelity bond

1 AN ACT

2 To enact R.S. 9:1123.113, relative to condominiums; to require condominium associations  
3 to maintain a fidelity bond; to provide for a coverage amount; to establish a  
4 minimum coverage amount; to provide for compliance through a managing agent  
5 who maintains a bond; to require proof of the bond to be maintained on the premises  
6 of the condominium; to require inspection of the proof upon request; to require  
7 written or electronic notice of the bond; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 9:1123.113 is hereby enacted to read as follows:

10 §1123.113. Fidelity bond required

11 A. Any unit owners' association collecting assessments for common  
12 expenses shall obtain and maintain a blanket fidelity bond covering the officers,  
13 directors, and persons employed by the unit owners' association, and any managing  
14 agent and employees of the managing agent.

15 B. The bond shall provide coverage in an amount equal to the lesser of one  
16 million dollars or the amount of reserve balances of the unit owners' association plus  
17 one-fourth of the aggregate annual assessment of the unit owners' association. The  
18 minimum coverage amount shall be ten thousand dollars.

19 C. Any unit owners' association whose managing agent maintains its own  
20 bond shall be in compliance with this Section, provided that the managing agent's

1        bond meets the requirements set forth in this Section, and that the association is  
 2        named as an additional insured under the managing agent's bond.

3                D.(1) The unit owners' association or the managing agent shall maintain  
 4        proof of the bond required by this Section on the premises of the condominium at all  
 5        times.

6                (2) The unit owners' association or the managing agent shall make the proof  
 7        available for inspection by a member of the condominium unit owners' association  
 8        upon request of the member.

9                (3) The unit owners' association or the managing agent shall also provide  
 10       every member of the unit owners' association with written or electronic notice of the  
 11       bond as well as a statement notifying the member that the member has a right to  
 12       inspect the proof of the bond required by this Section.

#### DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Thibaut

HB No. 227

**Abstract:** Requires condominium unit owners' associations to maintain a fidelity bond; requires the condominium unit owners' association to maintain proof of the bond and to present the proof for inspection upon request of a member of the condominium unit owners' association.

Proposed law requires any condominium unit owners' association collecting assessments for common expenses to obtain and maintain a blanket fidelity bond covering the officers, directors, and persons employed by the unit owners' association and any managing agent and employees of the managing agent.

Proposed law requires the bond to provide coverage in an amount equal to the lesser of \$1,000,000 or the amount of reserve balances of the unit owners' association plus 1/4 of the aggregate annual assessment of the unit owners' association.

Proposed law provides that the minimum coverage amount shall be \$10,000.

Proposed law provides that any unit owners' association whose managing agent maintains its own bond shall be in compliance with proposed law, provided that the managing agent's bond meets the requirements set forth in proposed law, and that the association is named as an additional insured under the managing agent's bond.

Proposed law requires the unit owners' association or the managing agent to maintain proof of the bond required by proposed law on the premises of the condominium at all times.

Proposed law requires the unit owners' association or the managing agent to make the proof of the fidelity bond available for inspection by a member of the condominium unit owners' association upon request of the member.

Proposed law requires the unit owners' association or the managing agent to also provide every member of the unit owners' association with written or electronic notice of the fidelity bond as well as a statement notifying the member that the member has a right to inspect the proof of the bond required by proposed law.

(Adds R.S. 9:1123.113)

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Commerce to the original bill.

1. Made a technical correction.

House Floor Amendments to the engrossed bill.

1. Required the unit owners' association or the managing agent to maintain proof of the fidelity bond on the premises of the condominium at all times.
2. Required the unit owners' association or the managing agent to make the proof of the fidelity bond available for inspection by a member of the condominium unit owners' association upon request of the member.
3. Required the unit owners' association or the managing agent to provide every member of the unit owners' association with written or electronic notice of the fidelity bond as well as a statement notifying the member that the member has a right to inspect the proof of the bond.